

Divesting adjusts R.I.'s risk sends message in Darfur

As the General Treasurer of Rhode Island, I manage Rhode Island's pension fund, which encompasses the pension systems of state employees, teachers and many municipal employees, including police officers and firefighters.

Frank T. Caprio

Rhode Island's \$8 billion fund has more than 60,000 members, and I fully recognize my obligations and responsibilities as steward of their fund. The management and protection of these funds fall under my fiduciary responsibility as general treasurer. My role is that of an investor, not a regulator, and as such I hold the right to direct the fund in as accountable a manner as possible.

I am not here to challenge the federal government's exclusive right to conduct the foreign policy of our nation, but to make the case that not only is the movement of state divestment in concert with our nation's policy on Darfur, but it is also well within the rights of states with fiduciary responsibilities to their citizens.

State pension funds, as some of the largest, singly controlled pools of assets in our country today, have at their service the brightest minds of our financial sectors. We consider market trends, history, the climate on Wall Street, and countless other variables, but most importantly we consider risk as we devise the strategy for our investments. That strategy is altered as climates change or as trends develop. Therefore, as prudent investors, we must be able to adjust accordingly.

The genocide occurring in Darfur is a horrific, ongoing action, deplorably facilitated in large part by the financial

resources of Sudanese government. As a fiduciary, I simply cannot ignore the emerging political and social climate of outrage surrounding the atrocities in Darfur, and the affect this has on the stability and strength of investments in that region.

The growing divestment movement, now including more than 20 states and a multitude of cities and universities, has been cited several times as the reason for decreases in companies' values, and increasingly, as the reason for their withdrawal from the country. From a purely fiduciary perspective, investment in Darfur exposes Rhode Island's fund to too much risk.

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From a humanitarian perspective, the situation in Darfur is no secret, and the federal government has taken extensive actions, from establishing the President's Special Envoy for Sudan, to enacting sanctions prohibiting U.S. companies from doing business in Sudan. It is essential for states to work in concert with U.S. foreign policy to supplement the goals of divestment—placing economic pressure on companies with business ties to the Sudanese government and severing the monetary resources that facilitate genocide.

At its very basis, divestment from Sudan represents a choice by the state to invest its money in concert with the values of its citizens. Accordingly, states possess both the right and the capacity to invest based on social, humanitarian and financial values, as long as those decisions are consistent with prudent investment standards. The targeted approach to divestment, followed successfully in Rhode Island and in other states, address-

es these concerns while upholding rigorous financial standards.

When intelligent policy is found that addresses a humanitarian crisis while mitigating financial risks, action must be taken. Targeted divestment is such a policy, and I am proud to support it.

On these grounds I am confident that states have not only the fiduciary right, but also the responsibility to divest. Federal legislation will end this ambiguity and galvanize the states' right to act in their own, as well as in humanity's, best

interests. Further, this action ensures that we will not allow genocide to occur on our watch, nor will we allow genocide to occur on our dollar. ■

Frank T. Caprio is the general treasurer for the State of Rhode Island and Providence Plantations. This piece is adapted from testimony he gave last week to the U.S. Senate Banking Committee. He was the only state treasurer to be asked to testify.

CRAZY TO WORK HERE BY BRAD VELEY



Through a bizarre series of wiring mistakes at the assembly plant, Frank's new computer came equipped with a Paradigm Shift Key.

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